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ABSTRACT

Three authors discuss Tom Peters' management guide, "Thriving on Chaos," and its implications for community colleges. First, Dixie D. LeHardy delineates Peters' main points concerning the U.S. economic system, the need for new organizational structures, the importance of quality in an unstable, competitive world market, methods of enhancing customer satisfaction, and the need for integrity within an organization. Next, "Application in a Community College Environment," by Charles M. Ernst reviews the efforts made by the industries located in the Cumberland Valley in Maryland and Pennsylvania and the Shenandoah Valley in West Virginia and Virginia to stay competitive and suggests ways that Hagerstown Junior College (HJC) can assist in these efforts. He recommends that HJC respond to local industrial changes by targeting job shops and small suppliers, training students in the new technologies, providing distance learning, and supporting new styles in employer-employee relationships. Finally, "Battles and Revolutions," by Ray M. Johns questions Peters' dismissal of the principles of "economies of scale" and "specialization of labor," asserting that Peters misrepresents and confuses the concepts. While acknowledging that Peters' book offers excellent ideas for competing in the emerging market of the next century, Johns suggests that what Peters calls "revolutionary changes" are simply corrections of mismanagement. (AJL)

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A COLLOQUIUM REVIEW OF

Thriving on Chaos

presented at
Hagerstown Junior College
Hagerstown, Maryland

on
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sponsored by
The David Lee Teaching-Learning Center

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INTRODUCTION

Margaret A. Nikpourfard

Tom Peters' *Thriving on Chaos* provides the reader with 45 principles to guide management. The theme that reverberates throughout the book is suggestive of Maslow's Theory of Self-Actualization. Peters recommends that people throughout an organization be encouraged to participate in every phase of operation and that they be recognized and rewarded for their efforts.

The book is clearly directive, yet concrete actions which reflect the guiding principles are not enumerated. Applicability is broad if management chooses to follow Peters' tenets.

In the sections which follow, several writers express their views on *Thriving on Chaos*.

Dixie D. LeHardy
A Brief Overview

Charles M. Ernst
Applications in a Community College Environment

Ray M. Johns
Battles and Revolutions

A BRIEF OVERVIEW

Dixie D. LeHardy

Peters' previous books, *In Search of Excellence* and *A Passion for Excellence* described the parameters of corporate success in "a relatively stable and predictable world." Peters premise for this third book is that this world no longer exists. It has been replaced, he claims, by a "chaotic" new world where constant change is accelerated by innovations in computer technologies. Companies are, quite literally, here today and gone tomorrow, unable to exist amid competitors in a tangled global network where nothing is predictable. Currency-exchange transactions now total $80 trillion a year, only $4 trillion of which is required to finance trade in goods and services. The rest is essentially currency speculation, a situation Peters labels "Casino Society." The prices of major currencies, once stable, now swing 5 percent a week, and 50 percent a year, creating a volatile situation—from day to day we don't know the price of energy or money. We don't know whether protection or default will close borders, making a mess of global trade, or whether global financing will open things up further. We don't know who our competitors will be.

New foreign competition appears each day, new competitors financed by venture capital spring up in banking and business services and health care and pizza delivery, and other "new" competitors are units spun off from big firms after a hostile takeover or leveraged buy-out.

On the consuming end, more uncertainty is added by the vastly increased awareness of quality, the rise of women in the work force, and the changes in the kinds of jobs available, which creates a two-class society—with an increased number of "haves" demanding greater variety and quality, and an increased number of "have-nots" demanding more durable basic goods. Also, the demand for products is shifting from a desire for the product per se to a demand for customized alternatives with special features tailored for narrow market segments.

In the past, America has had a "penchant for giantism." Big, not best, has been the American way. Wide open spaces and an apparently limitless frontier set this idea in motion. Farmers, beginning with the pilgrims, would cultivate the land, wear it out, and "blithely move west five miles." When we began to manufacture, we adopted agriculture's early habits. Big railroads spurred us on by making vast markets for cheap goods accessible to industry. Our system of long production runs and mass operations paid off with victory in World Wars I and II and cemented U.S. economic dominance. We won with *more* tanks, not better.

A BRIEF OVERVIEW (continued)

On the other hand, the Europeans and Japanese have lived within limits for centuries, and have had to be more careful with resources—that is, quality-conscious. The emphasis on quality fit nicely with European and Japanese skills, in particular their bent for craft labor and their use of the worker as a means of adding value to a product. While we stuck to our penchant for big, becoming enamored with large-scale automation, the Japanese concentrated on smaller, higher quality, craftmanship. While giant firms might be presumed for a variety of reasons to be innovators, Peters tells us that "the smallest firms produced about four times as many innovations per R & D dollars as the middle-size firms and 24 times as many as the largest firms." So, if bigness is now problematic, what about the role of labor? While the Japanese and Europeans have a centuries-old craft-guild tradition, America has used the idea of specializing jobs into narrow skills. These two assumptions at the core of our economic system are causing untold harm:

1. bigger is better
2. labor (human beings at work) is to be eliminc ted if possible

Peters says that tomorrow's winning hand is:

1. smaller units
2. highly skilled workers

A successful firm in the 1990's and beyond will have fewer layers of organization and will be:

1. quality-conscious
2. service-conscious
3. more responsive
4. a user of highly trained, flexible people as the principal means of adding value

In other words, the focus will be on *quality*, not quantity. A 1985 Gallop survey assessed the extent to which customers were willing to pay for quality; the results were startling.

1. Customers will pay a lot for better, and especially best, quality.
2. Firms which provide that quality will thrive.
3. Workers in all parts of the organization will become energized by the opportunity to provide a top-quality product or service.

A BRIEF OVERVIEW (continued)

Peters outlines 12 attributes of a "quality revolution", and he insists, that if any organization is going to even survive, to say nothing of thrive, in an unstable, competitive world, quality must be foremost in the organizational scheme.

The 12 attributes of a quality revolution:

1. Management is obsessed with quality.
2. There is a guiding system, or ideology.
3. Quality is measured.
4. Quality is rewarded.
5. Everyone is trained in technologies for assessing quality.
6. Teams involving multiple functions are used.
7. Small is very beautiful. (There is no such thing as insignificant improvement.)
8. There is constant stimulation.
9. There is a parallel organization structure devoted to quality improvement.
10. Everyone plays (mutually dependent relationships, team development).
11. When quality goes up, costs go down.
12. Quality improvement is never-ending.

. . . Peters outlines in detail the *three leadership tools for establishing direction*: develop an inspiring vision, manage by example, and practice visible management. The "bottom line" is to create a sense of urgency where change within the company system is loved rather than dreaded or feared.

The challenge of providing quality is to view *every* element of *every* operation through the customer's lens; to constantly attempt to—literally—*redefine* each element of the business in terms of the customer's perceptions of the intangibles.

Peters' focus changes to the challenge of providing and measuring customer satisfaction.

Peters asserts that American business of American management in the past "has been singularly blind to the needs of human beings. Management wants to eliminate the human equation from business. . . ."

A BRIEF OVERVIEW (continued)

Listening to customers, Peters says, *must* become everyone's business. Good listeners "get out from behind the desk to where the customers are." Good listeners "provide quick feedback and act on what they hear."

How does a company go about achieving customer-centered strategies? The answer lies in the core working force of each industry, no matter what the size or location.

"The customer game is ultimately won or lost on the front lines—where the customer comes in contact with *any* member of the firm."

> **"The front-line team *is* the firm in the customer's eye. Therefore, the front-line team must be treated as the heroes they genuinely are—and supported with tools (training, systems) that allow them to regularly serve the customer heroically."**

There are, Peters attests, nine critical factors for enhancing attention to sales, service, and support people:

1. Spend time with them.
2. Pay them well.
3. Recognize them.
4. Listen to them.
5. Make sales and service a feeder route to general management.
6. Empower them.
7. Train them.
8. Support them technically.
9. Hire enough of them!

Peters provides literally hundreds of suggestions and examples for management in this "cookbook" on change on how to incorporate and then function with the new, creative management style which will allow people to do their jobs creatively and well instead of binding them in the old system of bosses–vs.–workers. First, he says the leaders (owners, managers) must have a "vision" of excellence, a *guiding premise* which controls each moment of their day. After developing this *guiding premise*, Peters outlines in detail the *three leadership tools for establishing direction*: develop an inspiring vision, manage by example, and practice visible management. The "bottom line" is to create a sense of urgency where change within the company system is loved rather than dreaded or feared.

A BRIEF OVERVIEW (continued)

Peters saves for the last chapter of the book the key word on which the entire premise of successful *Thriving on Chaos* is based—Integrity. Integrity must be the passionate pursuit at each and every level.

Set absuredly high standards for integrity, he says, with no fuzzy margins. Live up to commitments, and "over-deliver" to the customer. High quality of product and high quality of service demand absolute integrity. Superior quality stems from pride and enthusiasm for the product or the service; it means not skimping or taking shortcuts. Superior quality cannot be extracted from a low-integrity organization, and integrity begins with respect and appreciation of each individual who shares a part of his or her knowledge to provide a product or service for that organization.

APPLICATIONS IN A COMMUNITY COLLEGE ENVIRONMENT

Charles M. Ernst

Tom Peters tells us that his latest book, *Thriving on Chaos* (Knopf, 1987), addresses the "shape of a winner and its attainment." To understand how this can and should influence our lives at Hagerstown Junior College, we need first to focus on the nature of local industry and how it is being reshaped.

The Cumberland Valley in Maryland and the southern part of Pennsylvania, and the lower Shenandoah Valley in West Virginia and northern Virginia, meet at the Potomac River. This part of the Great Valley in the Appalachian Mountains cradles the households that provide most of our students and the industries and farms that support the local economy. Although a growing number of residents commute to jobs in the Baltimore-Washington metropolitan area, and there is a significant influx of new residents from the East who like the environment and cost of living in the Valley region, for the near future most local families will derive income from industries in the Valley.

. . . If we want Hagerstown Junior College to be better regarded in the community, then we should pay attention to the needs of the students that we have. Our current students will provide the best advertising by talking with those that they later contact. When students graduate from our programs, we should follow their subsequent careers in education and industry. It costs us little to praise their achievements, and their achievements are genuine and noteworthy. We should let them know that we care, and they will pay us back in ways that we may not imagine at the time we speak with them. If we want Hagerstown Junior College to be respected in the community, then we should show respect to those graduates that we have been privileged to serve.

Most of the people in the Valley have a strong work ethic and, although service industries and distribution centers have increased, many of the industries are manufacturers. Often the manufactured products are mechanical in nature, and many have their origin in small machine shops that were originally established because a local person had a better idea on how to make something. In the last few decades the larger manufacturers

APPLICATIONS IN A COMMUNITY COLLEGE ENVIRONMENT (continued)

have reduced numbers of employees or ceased operation. The associated outsourcing has given rise to an even greater number of spinoff machine-based small enterprises, formed by former employees who now become suppliers of parts for large companies in the Valley and elsewhere. This is one part of a four-pronged attempt by industries to stay competitive in a global market which is ever more unforgiving of low quality and high cost, and Peters describes the governing assumptions of today's successful competitors.

The second part involves the conversion of the manufacturing equipment from labor-intensive specialized tooling to automated flexible tooling. Flexible manufacturing cells and systems (FMS) allow the production of a multitude of different products without changes in tooling and with fewer workers. The tooling has a higher initial cost, but pays off in its programmability, greater capability, and predictable quality. Ever more powerful processors and software allow the engineer to produce an optimal design for the tooling available (CADD - computer-aided design and drafting) and to communicate the result directly to the production tools (CAM - computer-aided manufacturing). Robots replace employees in tedious and dangerous tasks.

Part three is the telecommunications revolution. This is manifested in manufacturing through the local area networks (LAN) that link the tooling and design equipment, as well as providing continuous monitoring of costs at every center of a plant. Electronic mail provides swift communication internally, and facsimile equipment insures fast response in repair and maintenance, prompt billing, and interaction with suppliers and distributors. Communication satellites allow distance learning and cut travel costs, so that employees in the Valley can have access to technological advances without leaving a facility. (Expert systems supply a related service, by bringing knowledge and experience to bear in local situations.)

The fourth area of change is in the relationship of workers to managers. As Peters makes clear, the best production will result when workers feel that they will benefit directly from the advancement of their companies, and when workers and managers feel that they are a part of one team. One large local industry has found that changing ingrained attitudes in this direction requires a considerable effort on both sides.

APPLICATIONS IN A COMMUNITY COLLEGE ENVIRONMENT (continued)

To serve our area best, we need to exhibit an awareness of the changes that are occurring and a willingness to adapt our courses and programs to aid the transition. Of greater importance, we need to show that we are able and willing to apply Peters' advice to education. There are obvious areas in which this can be done:

1. We need to understand that our market will include more job shops and small suppliers, rather than the traditional large manufacturers.

2. We need to offer training in the new technologies: CADD, CAM, CIM (computer integrated manufacturing), CNC (computer numerical control), FMS, expert systems, LAN, fiber optics, etc.

3. We need to do even more in providing distance learning through satellite, microwave, and fiber optic technology, and to make the learning not only available on campus, but at the plant. Eventually much of this education will be available in the home and at a wide variety of levels.

4. We need to support the new employer-employee relationships. These will give each team member a better sense of supplying something valuable to the team effort needed to implement the just-in-time (JIT) philosophy and other innovative management approaches. Instruction in technical management and entrepreneurial skills will enhance productivity and foster economic development in the Valley.

Much of this kind of advice might be expected from an engineer, but the most important way that we can benefit from *Thriving on Chaos* is by incorporating Peters collection of good ideas from the workplace into our daily operation of Hagerstown Junior College:

1. The most able competitors in industry will not fear change, and will be those who respond to a need quickest and best. In a community college we should do the same. Tradition has served us well, but we should be ready and willing to study new ideas, and to apply them wherever they can be of benefit to the region that we serve.

APPLICATIONS IN A COMMUNITY COLLEGE ENVIRONMENT (continued)

2. Even as industrial customers expect higher and higher levels of quality, and will only patronize those firms that provide it, we should emphasize quality in everything that we do. If a so-called great university provides poor service to individual students, it matters little if it is well-stocked with Nobel laureates. One of our hallmarks has always been better service to individuals than they could normally expect from a large institution. We can do a lot better, and we need to become as intolerant of poor quality service as those in the industries touted by Peters. We cannot change everything that our colleagues do, but we can change what we do, and those changes may loom large in the way our students view Hagerstown Junior College.

3. Peters tells us that we should "consider every customer to be a life-long customer, generating word-of-mouth referrals," and that "it costs five times more to go out and get a new customer than it does to maintain a customer you already have." He was aiming this at industries, but we should consider this to be aimed squarely at us. If we want Hagerstown Junior College to be better regarded in the community, then we should pay attention to the needs of the students that we have. Our current students will provide the best advertising by talking with those that they later contact. When students graduate from our programs, we should follow their subsequent careers in education and industry. It costs us little to praise their achievements, and their achievements are genuine and noteworthy. We should let them know that we care, and they will pay us back in ways that we may not imagine at the time we speak with them. If we want Hagerstown Junior College to be respected in the community, then we should show respect to those graduates that we have been privileged to serve.

4. Peters never summarized his message as "brighten the corner where you are," but his emphasis on improving quality leads inexorably to this. If all staff members would be intolerant of poor service, the net effect would be an increase in the customer (student) headcount. We each have numerous opportunities to influence students in a positive direction. We should not be deterred if this means doing something that we have never done before. We need to determine what will aid the student in achieving goals without compromising those of the institution. We have each been privileged to know outstanding students, individuals who go on to make exceptional contributions to society. We cannot always know who these individuals will be, so we must do the best with each one that we encounter.

BATTLES AND REVOLUTIONS

Ray M. Johns

The industrial revolution was a revolution. There was indeed a radical transformation not only in methods of production but also in the economic organization of society. It was not a temporary adjustment, a routine cycle, a passing fad, or a new phase. The impact was profound, both in time and space. Seeds were sown in the growth of Renaissance cities of the 15th century; they were fertilized by innovative machines in knitting, mining, metal-working, and ship building in the 16th century; buds appeared from the mercantilist policies of aggressive nation-states in the 18th century; it came into full flower from corporate enterprise in the 19th century; and the fruits were distributed in the materialism of the 20th century. But now it has ended.

Or so Tom Peters advocates in *Thriving on Chaos* (Knopf, 1987). His advocacy is presented in two bold assumptions. The first is the thankful death of the industrial revolution by declaring its two driving forces impotent:

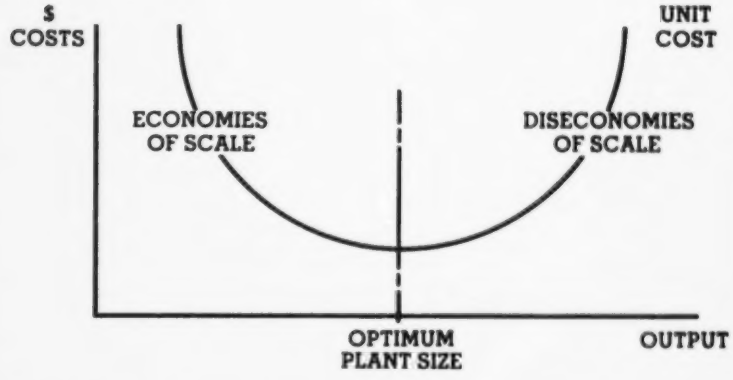
> Two assumptions at the very core of our economic system are now causing untold harm:
>
> 1. bigger is better, and biggest is best
>
> 2. labor (human beings at work) is to be ever more narrowly specialized, or eliminated if possible (page 13)

But not to despair; we are to have a new revolution. This assumption is proclaimed in the subtitle, "Handbook for a Management Revolution," and explained with 45 prescriptions in five categories: customers, innovation, people, leadership, and systems. Thus Tom Peters joins Machiavelli, Alex Comfort (*The Joy of Sex*), and Julia Childs in whetting our appetite for the control of something. Will *Thriving on Chaos* become a guide for a new era or join other list books such as *101 Uses for a Dead Cat*—interesting, but impractical?

Peters' ideas are impressive, useful, and well stated. But are they revolutionary? It is this claim that must be examined. Is the industrial revolution dead, and has a management revolution replaced it? The answer to those questions may be sought in his quoted dismissal of economies of scale and specialization of labor, both economic principles underlying management science. If both had been explained they would not have been so easy to dismiss.

BATTLES AND REVOLUTIONS (continued)

Economies of scale occur when unit product costs fall as the plant size grows larger. The plant size (maximum output) is determined by the most limiting factor, rather than the size of the enterprise, or bigness. Thus it is not measured by total sales, but rather by that factor that limits production. In a dairy, milk output is ultimately constrained not by the number of cows or the feed available, but by the capacity of the milking equipment: milking stations, storage tank, and refrigeration. In a fast food restaurant, the plant size might be determined by the parking lot because all customers arrive by auto. For a surgeon, the plant size (maximum surgical procedures performed) is limited by the labor time of the surgeon. For a railroad, locomotives determine output. Production is characterized by an early stage of economies of scale (unit costs fall) followed by a stage of diseconomies of scale (unit costs rise). The manager seeks the "optimum plant size" where unit costs are lowest.



Economies of scale occur because certain "lumpy" inputs can only be used efficiently at high volume. For example, unit cost would be very high to use a locomotive to pull one car, or have a surgeon only able to use the operating room one hour a month, or have a fast food restaurant with one worker. Obviously, unit costs of freight hauling, surgery, and hamburgers fall as other inputs are increased and the plant operates at a higher output. This production principle has not been refuted, abandoned, replaced, or otherwise made obsolete. It is still part of the tool box of managerial economics.

BATTLES AND REVOLUTIONS (continued)

Peters, however, misrepresents economies of scale in two ways. First he confuses it with sheer bigness. There is no guarantee that bigness is efficient. In fact, the pursuit of bigness may very well push the plant size past its optimum size into diseconomies of scale where unit costs rise as output increases. This occurs because the limiting factor (locomotive, parking spaces, surgeon) cannot assimilate more output. Consider a fast food restaurant with a 1000 workers, a dairy with 10,000 cows, or a railroad with 100,000 freight cars and one locomotive. Once a plant expands to its optimum size (minimum unit costs), then output can be expanded by building additional plants. Research has indicated that there are additional economies to be realized from multi-plant business (advertising, transportation, credit costs, volume purchases), but these cost savings are less than five percent in most cases.[1] Likewise, there is some evidence that the output level for optimum sized plants have been increasing in certain industries.[2] But neither the theory or the empirical evidence regarding economies of scale justified the large sized plants that have been assembled since the 1940's. Correcting a management mistake hardly qualifies as a revolution.

. . . Two assumptions at the very core of our economic system are now causing untold harm: 1. bigger is better, and biggest is best; 2. labor (human beings at work) is to be ever more narrowly specialized, or eliminated if possible.

The second confusion is one of mislabeling. Peters observes and offers evidence that management cannot coordinate enterprises beyond a certain size without the inefficiencies of bureaucracy, distorted communication, and poor quality. He should have labeled this correctly as diseconomies of scale. Many companies did increase the size of their operation beyond the point of optimum efficiency. But that does not refute economies of scale; it verifies it. Again, correcting bad management is not a revolution.

Adam Smith identified the gains in productivity from the division and specialization of labor in his famous "pin factory" example. That example merely illustrated that workers organized in an "assembly line" fashion can generate more output than the same number of workers striving independently.

BATTLES AND REVOLUTIONS (continued)

> Those ten persons, therefore, could make among them upwards of 48,000 pins in a day. But if they had all wrought separately and independently, . . . they certainly could not each of them have made twenty, perhaps not one pin in a day.[1]

The reasons for this remarkable result are quite simple. If the total task (making a pin) is divided into a series of simple tasks (cutting, pointing, capping, boxing, etc.), one worker can become quite proficient in repeating a single task. Likewise, there is considerable time saved from an independent worker changing tasks, that is, organizing the material and tools for one part of the assembly, stop that, organize and perform the next step, stop, go to the next step, and so forth, until one unit is produced. In an assembly line the product moves rather than the workers. Finally, specialized tools and machines will be developed for each task as each worker is inclined to make his or her work easier. Needless to say, this fundamental production principle is also of universal application and, unless managers seek another career, it should be retained.

What then is Peters' point? Are his observations erratic and his prescriptions without merit? No, quite the contrary. They are valid, but somewhat askew on their foundation. When he examined the production setting of his "problems and prescriptions" he observed both economies of scale and specialization of labor and mistakenly identified them as the culprits. Confusing causes, effects, and related symptoms is a common difficulty of economic reasoning. The real sickness of American production is an ancient malady predating the industrial revolution. It is the problem of monopoly, the lack of competition in both production and the labor force, spawned by our recent affluence.

The decline of quality, the lack of service, the concern with volume, the overemphasis of capital versus labor, the inability or unwillingness to respond to new suppliers have appeared in the U.S. economy during the past thirty years. If that situation was caused by economies of scale and specialization, the same situation would prevail in Japan. Japan did not revert to cottage-industry to produce autos, steel, and stereos. The assembly line is still the basis of production of everything from Hondas to Big Macs.

How then did the U.S. catch this lethargy? Easy, it comes with success. At the end of World War II, the U.S. was a production colossus, the industrial revolution manifest. In 1960, Walter Rostow identified the U.S. as the first society to enter the stage of "high mass consumption." This stage emerged

BATTLES AND REVOLUTIONS (continued)

in the 1920's, was interrupted by the Great Depression and World War II, but resumed in the great post-war boom of 1946–1956. The suburban housing boom, the proliferation of the automobile, television, and other durable goods such as kitchen and bathroom appliances was accompanied by a rising ratio of dependents to workers. Child labor laws, social security, unemployment insurance, disability income, early retirement, shorter work weeks, more holidays and longer vacations were all part of a fundamental cultural change. Americans wanted higher incomes and more goods, but for less work.[4]

But this is all too glib, and doesn't explain the origin or nature of the monopoly problem. The emergence of the great corporations of the 19th century were concentrated in manufacturing and transportation where economies of scale and the specialization of labor were important. The same characteristics that gave the country rising production and productivity also gave rise to barriers to the entry of competitive firms that would drive prices down to the average unit cost. Thus firms could charge prices above unit cost and earn monopoly profits, a return on investment greater than that necessary to sustain resources in production. Economies of scale became a financial barrier to competition, along with patents on technology and copyrights on brand names. The anti-trust laws (Sherman Act 1890, Clayton Act 1914) dismantled and discouraged great industrial empires and provided important protection for small businesses. But they did not prevent the growth of a new type of business structure in the 20th century economy called oligopolies. An oligopoly is not a single firm, the traditional monopoly, but rather a small number of interdependent firms, dividing up a market into shares. The watchword is "live and let live" and all enjoy comfortable monopoly profits and reward their managers with high salaries, not for innovation and productivity, but for larger market share and stability. Although the large corporations had plenty of political clout, it would not have been sufficient to sustain their market power if it had not been for a fortuitous event, the Great Depression.

An important element of Roosevelt's New Deal was to give labor a share of monopoly power in the form of collective bargaining protection with the Anti-Injunction Act of 1932 and the National Labor Relations Act of 1935. Labor unions had previously been made exempt from the anti-trust laws by the Clayton Act of 1914. Which industries did labor target for organization—naturally the manufacturing and transportation oligopolies with the profits capable of paying high wages. The resulting bilateral monopolies created a powerful partnership to sustain monopoly profits, providing

BATTLES AND REVOLUTIONS (continued)

labor and management with high salaries. That power extended in recent years to the government propping up McDonnell Douglas and Chrysler with guaranteed loans to keep them from toppling due to competition.

But no economy is immune from the powerful forces unleashed by the industrial revolution. Government regulation, high tariffs, and other barriers from competition can only last so long. Monopoly profits sow the seeds of their own undoing. High prices and a sheltered market encouraged labor to ask for ever higher wages for less work and shoddy workmanship, while all the time complaining as management tried to maintain productivity through automation. Comfortable profits were not the incentive for management to seek new products, quality, and service. Many "new" products were the old ones in new packaging. Many "old" products were the same package with less quantity and quality inside. Such arrogance not only created competition but also little sympathy from the consumers. New technology and genuinely new products spawned the means to compete against International Harvester, U.S. Steel, International Business Machines, General Motors, and Admiral. And any labor union that inhibits its employer from being flexible and productive in a competitive market, is digging two graves.

Tom Peters' "handbook" is filled with excellent ideas for competing in the emerging market of the next century. It is not, however, a guide for a new revolution but rather a battle map for the next phase of an old one. It may feel like a revolution to those who have been running American enterprises for the past 30 years. They were lulled into being bureaucratic managers and now awaken to a world needing creative, aggressive entrepreneurs. Peters correctly identifies what is new about this battle: instant communications, a merging of labor and capital (human capital), make-a-market products, and the disappearance of stable markets for old standard products. Operating a business in this environment will indeed require astute, clever, confident managers. Labor will no longer perform mechanical tasks, but exercise judgement and responsibility on assembly lines producing basic products with many variations. The environment will be different, but the principles remain the same. And Peters has only scratched the surface of what is now being forced on business to survive.

Yet, new battles loom on the horizon. The same monopoly power infesting manufacturing and commerce is found also in such diverse areas as public education, both higher and lower, the postal system, the space program, and the U.S. Department of Agriculture. But that is another battle, another book, and another review.

BATTLES AND REVOLUTIONS (continued)

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